Nos. 54-55 and 58-59

In the Supreme Court of the United States

OCTOBER TERM, 1943

THE MERCOID CORPORATION, PETITIONER

v.

MID-CONTINENT INVESTMENT COMPANY ET AL.

THE MERCOID CORPORATION, PETITIONER

v.

MINNEAPOLIS-HONEYWELL REGULATOR COMPANY

ON WRITS OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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OPINIONS BELOW

The District Court in Nos. 54–55 did not file an opinion. Its findings of fact and conclusions of law appear at R. 736–743 and are reported in 43 F. Supp. 692. The opinion of the Circuit Court of Appeals (R. 909–923) is reported 133 F. 2d 803.

The opinion of the District Court in Nos. 58–59 (R. 1059–1064) is reported in 43 F. Supp. 878. Its judgment (R. 1070–1071) is reported in 46 F. Supp. 675. The opinion of the Circuit Court of Appeals (R. 1225–1231) is reported in 133 F. 2d 811.

JURISDICTION

The judgment of the Circuit Court of Appeals in Nos. 54–55 was entered on December 23, 1942 (R. 924). A petition for rehearing, filed on January 16, 1943 (R. 926) was denied on March 27, 1943 (R. 927). The petition for a writ of certiorari, filed April 29, 1943, was granted on June 1, 1943 (R. 932).

The judgment of the Circuit Court of Appeals in Nos. 58–59 was entered on December 23, 1942 (R. 1232–1233). A petition for rehearing filed on January 23, 1943 (R. 1236) was denied on March 27, 1943 (R. 1237). The petition for a writ of certiorari, filed on May 3, 1943, was granted June 7, 1943 (R. 1242).

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code as amended by the Act of February 13, 1925.

THE INTEREST OF THE UNITED STATES

These cases raise issues which reach far beyond the interests of the adverse parties. They involve considerations of policy and the administration of the federal laws which it may not be

to the direct advantage of either party to assert.

The letter patent is affected with a public interest and patent law is in its essence public law. The very intent of the grant is to serve a public purpose. The "exclusive Right" which for a "limited Time" the inventor is to enjoy is meant to "promote Progress of Science and the useful Arts." In any useful art a body of knowledge which is a legacy from the past is open to all who care to employ it. As the "exclusive Right" expires, the invention is added to the common fund. The reason and reference for every grant lies in this expressed constitutional intent. The grant is an exception to the general rule against monopolies. Its sanction stems from the Constitution; its orbit is fixed by act of Congress. Every grant, creating a private privilege, is at the expense of the public domain. The privilege is to be justified by the ultimate contribution to the common storehouse of technology.

The instant case presents a situation in which the public interest and the purpose of the patent grant are alike in danger. The patents which the petitioner is alleged to have infringed are "combination patents." They are for assemblies of elements; and neither patent in its own right covers any of the elements in its assembly. Yet the decisions of the Circuit Court of Appeals, if allowed to stand, will extend the monopoly of the inventions to their unpatented elements. Under

such rulings the owner of a subsequent "combination patent"—involving no fundamental invention and of questionable validity—may determine the conditions upon which the competitors of the patent holder may continue to make and vend old and unpatented products. Such a control, if permitted, far from securing to the inventor his reward, may be used to suppress competition in the industry.

The United States has an interest in maintaining alike the integrity of the patent system and the efficacy of the antitrust laws. The patent system involves a public grant of private rights; the antitrust laws a public limitation on private rights. Together they concern the creation and the openness of industrial opportunity, the advance and the preservation of the public domain of technology, the incentive to invention, and the safeguarding of the consumer against monopoly-made price. The purpose of this brief is to make explicit these values of public interest which in the argument might otherwise be overlooked.[1]

[1] As it was put by Judge Wyzanski, in Memorandum on the Motion of the United States to Intervene, *Crosby Steam Gage & Valve Co.* v. *Manning, Maxwell & Moore, Inc.*, D. Mass., October 4, 1943:

"Recent investigations have stressed the extent to which private patent infringement suits have been used to promote unlawful concentration of economic power. See Temporary National Economic Committee, *Investigation of Concentration of Economic Power*, Final Report March 21, 1941, 77th Cong., 1st Sess., Doc. No. 35, pp. 36-37; *Monographs Nos. 16 and 31*, 76th Cong., 3d Sess. And these same investiga-

QUESTIONS PRESENTED

1. Whether the protection of a combination patent extends to the unpatented elements comprehended within it.

2. Whether the doctrine of contributory infringement as applied by the Circuit Court of Appeals is consistent with either the patent or the antitrust laws.

3. Whether, because of the use of the patent privilege beyond the scope of the grant, the respondents in each case are entitled to enforcement of the grants.

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tions have shown how often the private defendant is helpless adequately to present its case against a monopolistic use of a patent, *Monograph No. 31*, *supra*, pp. 141–142; how often the testimony fails to reveal the industrial setting in which the alleged abuses occur, *Monograph No. 31*, *supra*, p. 148; and how often the Court shapes the judicial remedy without knowing its full implication as a governing rule for a large segment of the economy, *Monograph No. 16*, *supra*, p. 72. These defects would at least in part be cured if that branch of the Government charged with the enforcement of the policy against monopoly were permitted to intervene in appropriate cases and to present the relevant considerations of fact, law and policy. * * * Unless we are content that the problems of antitrust enforcement * * * be removed from strictly judicial trial and entrusted to administrative tribunals * * * judges must be willing to hear from more than the conventional parties in an adversary procedure, to receive expert suggestions from specialized governmental agencies, to accept economic testimony appropriate for laying down a broad rule of industrial government [cf. *Monograph No. 31*, *supra*, p. 151] and to frame decrees suited to the character of the many dimensions of the problem revealed."

STATEMENT

In these cases the questions to be answered emerge quite sharply from the situation which the cases present. The facts are set forth in detail in the briefs for the adverse parties. The differences between them on the facts are not significant in connection with the issues we discuss. A full recitation here is therefore unnecessary. It is in this place enough merely to throw into perspective the events and arrangements upon which the legal issues converge.

The Minneapolis-Honeywell Regulator Company and the Mercoid Corporation have for a long time been competitors in the sale of thermostatic switches for household and other heating systems. Neither they nor Mid-Continent Investment Company, by manufacture or sale, practice the inventions embodied in the patents which are involved in these suits. Under "combination patents" relating to aggregations of unpatented elements, Minneapolis-Honeywell has claimed the right to determine not only who shall sell, but also the conditions of sale, of unpatented thermostatic controls used in realizing the inventions described in the combination patents. A number of manufacturers of such controls have acquiesced in the demands of Minneapolis-Honeywell, have paid royalties to it upon unpatented devices, and have undertaken to sell at prices fixed by it. In Nos. 54–55, Mid-Continent has cooperated in the program of

Minneapolis-Honeywell. Such arrangements have been marked out through licenses based upon combination patents.

A. The Patent Position of Minneapolis-Honeywell

In its 1940 catalogue Minneapolis-Honeywell lists more than 600 patents under which its controls are claimed to be manufactured and sold (54, R. 598; 58, R. 795). Five of those listed, including the Cross Patent No. 1,758,146 (54, R. 778) and the Freeman Patent, No. 1,813,732 (58, R. 1100), are combination patents. In reference to such patents the Minneapolis-Honeywell catalogue states:

> The right to use the systems protected by the following patents is only granted to the user by Minneapolis-Honeywell Regulator Company when the particular controls as shown below are purchased from Minneapolis-Honeywell Regulator Company and used in the systems.

Patent No.	*Control*
1,467,049 Diaphragm Gas Valve System.	Any main fuel valve or safety pilot.
1,758,146 System of Maintaining Stoker Fire.	Stoker switches.
1,758,147 System of Maintaining Stoker Fire.	Holdfire controls.
1,785,741 Humidifying System.	Humidity responsive controls.
1,813,732 Forced Air Furnace Control System.	Furnace fan controls.

The Freeman and Cross patents which Mercoid is charged with infringing relate to the electrical wiring of thermostats and operating units of heating plants. None of the thermostats or operating

units—fans, motors, switches, stokers, furnaces, or parts thereof—are as such within the inventions claimed under the patents.

B. The Licensing Program Under the Cross Patent

In 1931 the Cross Coal-O-Matic Company, the predecessor of the respondent Mid-Continent, granted to Minneapolis-Honeywell under the Cross patent an exclusive license to make, vend, and use the patented invention and to sublicense others to practice it (54, R. 450). The license agreement provided that royalties should be based upon the sale of an unpatented "combustion" stoker switch as "adapted, in combination with other devices and apparatus" for use in the patented system (54, R. 459). This switch was developed by Minneapolis-Honeywell independently of the Cross patent and was sold prior to its issue (54, R. 738).

In the 1931 agreement there was reserved to the licensors a right to purchase from Minneapolis-Honeywell the licensed "control units." But resale of the unpatented switches by the licensors was prohibited "except in conjunction with stokers made and sold" by the licensors (54, R. 453). The license further provided for cooperation between the parties "in order that the best possible patent protection may be obtained for the benefit of the various parties to this Agreement" (54, R. 454). In 1938 a new agreement was entered into between Mid-Continent and Min-

neapolis-Honeywell (54, R. 458). The 1938 license continues to base royalties on the unpatented combustion stoker switch; it also renews the obligation of the licensor to refrain from selling switches purchased from Minneapolis-Honeywell except in conjunction with stokers made and sold by the licensor. It grants Minneapolis-Honeywell a right to sue infringers only in connection with systems employing "devices such as combustion stoker switches as herein defined" (54, R. 461).

Mid-Continent and Minneapolis-Honeywell have cooperated and used the device of written notice to insist that the right to make, use, or sell the system disclosed by the Cross Patent is granted only to those who purchase controls from the patentee or its exclusive licensee (54, R. 738, 741; petitioner's Brief, 54, 9–18). Sublicenses granted or proposed under the Cross patent required the licensee to attach to his unpatented control a notice that the control carried with it a license to practice the system claimed in the Cross patent, and other patents (54, R. 726, 689).

C. The Licensing Program Under the Freeman Patent

The claims of the Freeman Patent (58, R. 1100) cover a "combination," consisting of a hot-air furnace, a fan or other air-forcing device, and thermostatic switches arranged in such a way that the fan begins operating only after the fur-

nace reaches a predetermined temperature and continues to operate although the combustion is checked at a specified temperature. The fan and the combustion are alike checked when the room to be heated reaches a predetermined temperature. Under the Freeman patent Minneapolis-Honeywell has licensed five of its manufacturing competitors, (58, R. 11, 32). The agreements provide that each of the five shall have non-exclusive rights to make, vend, and use an unpatented thermostatic switch devised in one unit to control both the fan and the furnace combustion. In the licenses the switch is referred to as a "combination furnace control"; royalty payments to Minneapolis-Honeywell are based on the sale of the unpatented switch. Each licensee is required to attach to each switch a notice to the effect that the unpatented control includes a license to install the heating system embodied in the Freeman patent. Each licensee is further required to place such a notice in his catalogue or other sales literature. (58, R. 898.) The agreements entered into by Honeywell and its licensed competitors establish minimum prices for the sale of the unpatented switches and provide that the prices shall not be cut by the licensees through furnishing extras or through reducing the prices for services (58, R. 899, 909–910). In addition, a schedule attached fixes prices for the controls which are to be charged manufacturers, jobbers,

or wholesalers, and other dealers (58, R. 913–917). Minneapolis-Honeywell further permits its licensees to sell separate and also unpatented switches, provided that the price of the two units is higher than for the combination switch (58, R. 81, 891). The license agreements also provides for notice to licensees of additional licenses, or change in any existing license, and equal terms to all licensees (58, R. 901).

D. The Attempt to License Mercoid

In 1932 Minneapolis-Honeywell attempted to persuade Mercoid to take a license under the Freeman patent, but no agreement resulted (58, R. 81, 789, 791). In January 1940 it again moved on Mercoid and offered it an agreement similar to those executed between Minneapolis-Honeywell and its licensees. The intent was not to change the character of the business, but to license Mercoid to make and sell the unpatented controls which it was already manufacturing. It was proposed that Mercoid pay royalties upon the switches sold and that no sales be made at prices lower than those fixed for the sale of similar switches by Minneapolis-Honeywell (58, R. 863, 893). Again, in May 1940 Minneapolis-Honeywell delivered a printed copy of a license agreement containing similar provisions to Mercoid (58, R. 887, 893, 913); and again Mercoid refused to accept a license. At last, on June 21, 1940, Minneapolis-Honeywell informed Mercoid by letter that it intended to institute an infringement action (58,

R. 923). It declared that "every opportunity has been given to you to accept the license under this patent"; it insisted that the suit was made imperative by "the necessity to be fair to our other licensees and to ourselves in this present price situation." Mercoid had been selling the unpatented switches at prices below those fixed by Minneapolis-Honeywell (58, R. 116). Attempts by Mid-Continent and Minneapolis to license Mercoid under the Cross patent followed a pattern similar to that in connection with the Freeman patent, except that under the Cross patent there was no explicit price fixing for the unpatented controls (54, R. 684, 685, 689, 657, 704, 713). It seems clear that threats of suit and the suits brought by the respondents were intended to accomplish the objective at which the proffers of licenses were aimed.[2]

E. The Accused Devices

The accused devices in No. 54 are referred to as Mercoid's M-61, TJV, and M-11 and JMV (54, R. 910). It is admitted by all the parties that all of these are old devices with, at most, mechanical changes. Yet the Circuit Court of Appeals based its judgment on the finding that

[2] The Final Report of the Executive Secretary, Temporary National Economic Committee, p. 14, states that, although there are 54 manufacturers of thermostats in the country, 75.1 percent of the total output is controlled by the four largest.

these devices had no other use except in the patented Cross combination. The only change, however, in M–61 from devices which in their day had been patented and which had been in use for years prior to the issue of the Cross patent was the adoption of a stainless steel cover and a standard curved flange for mounting the control (54, R. 158, 226). These are purely mechanical changes in a device which Mercoid had long manufactured and marketed.

The accused device in No. 58 was a combination of two non-infringing instruments both in prior use (58, R. 439). The only change made in the device said to have no other use was to connect two mercury tubes (58, R. 439, 440). The patent expert for Minneapolis-Honeywell stated that "* * * when we come to the M–80 we have that mechanical interconnection and, therefore, you do in one switch what the Freeman patent shows is done in two switches" (58, R. 440) and that infringement could occur "with any one of a large number of arrangements of old switches and instruments" (58, R. 441). He insisted that the mere combination of two old instruments, the reversal of the tube in one, and the connection of the two, constituted infringement (58, R. 441). As his view came to be shared by the Circuit Court of Appeals, the decision below extended the monopoly of Minneapolis-Honeywell to the utilization, in an aggregate of

parts, of devices and instruments long known to the trade.

SUMMARY OF ARGUMENT

The public policy underlying the constitutional sanction for the patent grant, as well as the patent laws themselves and the antitrust laws, require that the patentee's privileges be limited to making, using, and selling the invention. This Court has clearly announced and applied this principle in connection with cases involving patent specifications and claims, the tying of an unpatented product with a patent, and attempts, through licensing, to extend the patent privilege beyond its legitimate scope. The doctrine of contributory infringement, as applied by the Circuit Court of Appeals in the present cases, in permitting the holder of a combination patent to control unpatented elements of the combination, extends the scope of the patent monopoly to unpatented products and is inconsistent with public policy. The remedy of contributory infringement has no express statutory sanction, is inconsistent with recent decisions of this Court, endangers the patent system, interferes with the free flow of commerce in unpatented products, is unworkable, and is incompatible with the general principle which limits the patent monopoly to the making, using, and selling of the invention.

ARGUMENT

I

WHETHER THE PROTECTION OF A COMBINATION PATENT EXTENDS TO THE UNPATENTED ELEMENTS COMPREHENDED WITHIN IT

A. THE DOCTRINE OF IMPROPER USE

At the very outset arises the question of the right of the plaintiffs to maintain these actions. For, as the statement of fact recites, they have attempted to use their patents to control the marketing of unpatented devices. And it has been repeatedly held by this Court—*Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488, is the leading case—that the patentee is under an obligation not to use the patent beyond the limits of the grant. For (314 U. S., at 492) "public policy * * * excludes from [the grant] all that is not embraced in the invention"; and its use to assert control over materials which are not patented rests upon no legal sanction. Such an employment will deny to the patentee the protection of a court in his attempt to restrain the alleged infringer. Neither the convenience nor the commercial necessities of the patentee nor the activities of the seller of the alleged infringing unpatented product, justifies an extension of the grant to the unpatented product. *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495.

B. NATURE OF THE PATENT GRANT

The rule of the *Morton Salt* case derives from the nature of the patent grant. The patent is a special privilege conferred by the United States. Its purpose is to promote the progress of science and the useful arts; its scope and terms are such as Congress decrees for it. From the "exclusive right"—as from time to time it may be defined by the legislature—all persons other than the patentee are to be excluded.

The grant conveys to the patentee limited rights. He may himself directly, or he may license others to make, vend and use the invention. It is his right to exclude others from the practice of his *invention*. The limits of the patent grant and of the patentee's rights are fixed by the invention; and these rights—no more and no less—the grant conveys subject to the law of the land. All the ways and means—and all the risks—of securing his "reward" are left to the inventor. The Government neither grants to him compensation nor assures him the right to do whatever is necessary to make his patent a commercial success.[3] This

[3] At the very beginning a dominant argument for the patent, against the bonus system, was that the Government could not in advance tell what inventions would and what would not make a success and that the patent system threw the risks upon the inventor. Even after the passage of the first patent statute Hamilton, in his *Report on Manufactures*, was still arguing for the bonus system.

remuneration, if any, must come directly from the rights granted in the use and practice of the invention. It does not come from privileges in relation to matters outside the invention. It does not confer the right to exclude from the making, using, or vending of unpatented goods.[4] Such a policy is explicit in the patent statutes, in the decisions of this Court in the license-tying cases, and in the constitutional grant of power to Congress upon which the patent privilege is based.

A number of provisions in the statutes make this explicit. A monopoly for the invention is invalidated if the claims made in application or grant go beyond the invention. The grant is invalidated *in toto* if the invention and the method of its practice are not fully stated.[5] The only escape which the law allows to the person who claims more than his invention is a timely correction before the Patent Office and a showing that the excess or exaggeration in the claims were due to mistake, accident or inadvertence. The very condition upon which a patent is issued is that the applicant "shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or dis-

[4] See Rich, *Contributory Infringement*, 14 Jour. Pat. Off., Soc. 376.

[5] Revised Statutes, Section 4916, 35 U. S. C. 64; *Marconi Wireless Telegraph Co.* v. *United States*, No. 369, 1942 Term, decided June 21, 1943.

covery."* And to permit an excessive claim—or to establish a monopoly where the invention is not fully made public—would be to issue colorable grants or to establish privilege where no grant should issue.

The very purpose of the letter is to define the rights of the patentee. As this Court said in *General Electric Co.* v. *Wabash Co.*, 304 U. S. 364, 369: "The limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public." It finds necessity for precision of definition "to guard against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their rights." Only through such sharp definition "may it be known which features may be safely used or manufactured without a license and which may not." And only thus can it be accurately determined what is added to the public domain at the expiration of the patent. Thus the letter, in the sharpness of its claims, limits privilege, marks off an area against trespass, defines the ultimate contribution to common knowledge. To allow the patentee to assert rights beyond those conveyed would be to blur the frontiers of the grant, to make standards for judgment uncertain, and to confuse the functions which it is the very purpose

* Revised Statutes, Section 4888, 35 U. S. C. 33.

of accurate description to serve. This statement of the office of exact definition was amplified in the opinion of this Court in *United Carbon Co.* v. *Binney Co.*, 317 U. S. 228.

In a number of recent cases the Court has proclaimed the limited scope of the patent grant.[7] It has in no uncertain terms insisted that neither the peculiar situation of the patentee nor his commercial convenience could justify the recognition of a privilege not conferred upon him. It is held that even though the success or the failure of the invention is at stake, the parties cannot do by indirection what they are directly forbidden to do in connection with the application for, and the grant of, the patent. In the latest of a series of cases, *Marconi Wireless Telegraph Co.* v. *United States*, No. 369, 1942 Term, decided June 21, 1943, the Court held that an attempt through the grant to extend the protection of the patent beyond the invention would cancel the patent. And it is now elementary that claims beyond the scope of the invention are not only invalid but rob the whole grant of its validity. These recent cases, affirming public policy and denying enforcement because of excessive claims made either in or outside the Patent Office, follow alike the Constitution, the statutes and the leading holdings. It seems ob-

[7] *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488; *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495; *Sola Electric Co.* v. *Jefferson Co.*, 317 U. S. 173.

vious, in respect to the enlargement of the privilege, that there cannot be one rule for the issue of a patent and another for it value in use. There is no legal warrant for a recognition of any right which does not fall within the scope of the grant. Any extension of the grant beyond the invention thwarts "the public policy underlying the patent grants." The courts are not free to go where the statutes do not point the way.

In its origin the law of patents is the law of invention. In any useful art—open to all who wish to ply the trade—the gifted individual makes an invention. In it he is to enjoy an exclusive right for a limited time; then it is to be returned to the common fund of knowledge which makes up the technology of an industry.

As it operates today, the patent system has become a quite different institution. The protection of the patent is thrown around a cluster of inventions, which in number may run to a score, a hundred, or several thousand. As "improvements" are themselves subject to legal protection, it happens that as one series of patents expires, another series is there to take its place.[8] Accordingly, to a corporation its "patent position" becomes an asset of consequence. To this end a change in the nature of invention has contrib-

[8] See the briefs in Nos. 7–15, October Term, 1943, Supreme Court, in *Hartford-Empire Co.* v. *United States* and related cases.

uted. The individual has given way to the salaried inventor who works in a laboratory and is paid by a corporation. Patents are meant to be taken out in the name of "the sole and true inventor." Often, since they are a product of group research, an individual whose claims are no greater than a number of others is chosen to apply for the grant. In accordance with his contract, the "inventor's" patents are transferred to the corporation for which he works. Facilities for research come to be controlled by dominant corporations in their respective fields.

To allow the protection accorded by the law to be extended beyond the grant is to endanger the patent institution.[9] The extension of the pat-

[9] "No one can read the testimony developed before this committee on patents without coming to a realization that in many important segments of our economy the privilege accorded by the patent monopoly has been shamefully abused. It is there revealed in striking fashion that the privilege given has not been used, as was intended by the framers of the Constitution and by the Congress, 'to promote the progress of science and the useful arts,' but rather for purposes completely at variance with that high ideal. It has been used as a device to control whole industries, to suppress competition, to restrict output, to enhance prices, to suppress inventions, and to discourage inventiveness.

"We have certain specific recommendations to make which, in our judgment, are clearly called for by the record before us. It should be emphasized, however, that if the pattern of control which has been achieved through the patent monopoly continues in spite of the changes we suggest, and it is entirely possible that it will, a complete reexamination of our patent laws should be made with a view to deter-

entee's control beyond his appointed monopoly tends to distort the incentive to invent into the urge to create and foster a patent position upon which commercial policy can be based. Every extension of the grant, prompted as it may be by the desire to provide some deserving patentee with a remedy suitable to his case, is quick to be capitalized generally as an instrument of business policy. Research and invention then come to be directed towards the fullest exploitation of every "legalized" extension of the grant. For any extension breaks down the sharp line by which the privilege is defined. Its identity becomes confused, whatever the means employed to enlarge or to give additional substance to the patentee's rights. Any loophole gives an incentive to bring into play the motives which pull the patent out of its legitimate orbit. No system in which privilege is harnessed to a public purpose can operate unless the grants remain as sharply defined as at the time of issue. The law contemplates a full disclosure of the invention and a sharp definition of the privilege. Unless these objectives can be made secure, the integrity of the patent is compromised and the policy which sustains the patent system is put in jeopardy.

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mining whether, under present-day conditions, they are calculated to achieve their avowed purposes." (Temporary National Economic Committee, Final Report and Recommendations, 77th Cong., p. 36.)

As a grant from the state, the privilege which the patent confers is limited; yet its use as a counter of business enterprise creates the insistent hazard that privilege will be used to beget privilege; that a limited monopoly will be employed to create other monopolies; that the exclusive right will tend to run wild. In such a situation, the public interest as it finds expression in law demands that, as case after case comes before them, the courts see to it that the exclusive right is held to its orbit; that the patentee shall not on his own volition enlarge the bounds of his grant.

1. ANY ATTEMPT BY A PATENTEE TO CONTROL UNPATENTED PRODUCTS IS INCONSISTENT WITH THE GRANT

As a privilege, the grant of patent is explicit, specific, finite. As the recipient of a favor from the Government, an obligation rests upon the patentee neither to change the character nor to enlarge the bounds of his grant.

There are three common and alternative ways by which the patentee seeks to extend his control over unpatented articles. The three devices serve the same commercial ends—to control a technological process, to collect revenues from unpatented materials, to impose a monopoly price upon the unpatented, as well as upon the patented, article of trade. Circumstance determines when one or another of these devices may most conveniently be used. Sometimes—as here—a second device

may be used when the first has failed. Sometimes all three of them may be employed in the same campaign. The three devices are:

1. The license, when used to secure control over, and to collect royalties upon, the unpatented good.

2. The combination patent, when used to catch up part, element, or complementary good into the patent itself.

3. The suit for contributory infringement, which establishes control over an element of the patented good or a material employed in its operation.

It is clear that license, action for contributory infringement, and use of the combination patent to catch up the unpatented have distinct labels. It is equally clear that an attempt at control which takes one form can fairly often and without loss of substance be brought under the label of another. Thus in *Leeds & Catlin* v. *Victor Talk. Mach.* (*No. 2*), 213 U. S. 325, the situation parallels that presented here, because a combination patent was involved. But, had the phonograph alone been patented—there was no separate patent on the record—the issue would then have been the use of a patent to control an unpatented good. Conversely, if in the case of *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, the patent had been, not upon the package, but upon the package and the dry ice, the legal issue would

have concerned the combination patent. Likewise, with respect to the road-building process and the petroleum emulsion to be used with it in *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458. Further it is of note that in the last two of these cases, the suits had been brought for contributory infringement to police express or implied licenses which tied the use of unpatented materials to the thing patented.

The three alternative devices, in their legal status and as they come into play in the instant case, justify detailed consideration.

Among the three devices by which an attempt has been made to throw the protection of the patent about the unpatented article, the license has invited the most clean-cut statement of law. Here the trend is clear. To catch the rule in sharpest relief it is well to present the dominant holdings in their temporal sequence. The patent system, the statutes aside, is a developing thing. It is not today what it was even a quarter-century ago. Only as cases have multiplied, has an understanding of all that they involve been gradually attained. Trade practices established about the grant, absent or dimly seen in the earlier, stand out sharply in the later cases.[10] A patent in the hands of the inventor is one thing; a

[10] Compare *Henry* v. *Dick Co.*, 224 U. S. 1, with *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436.

patent, assigned to a corporation and used as a counter in a competitive business struggle, is something else again. As the patent changes masters and functions, the usages which are built about it do not remain fixed.

As the patent becomes a weapon of business enterprise, it is made to yield every advantage it has to give. The "reward to the inventor" becomes a sanction to be thrown about commercial conduct. In its legal monopoly a warrant for extended restrictive practices is sought. Every limitation found in—or imposed upon—the grant by the courts, calls for a revision of the ways of business and of marketing. Every extension of privilege allowed or discovered within the grant, presents a ruling to be pushed as far as it may be made to go. As a result the patent license, originally designed to bring the invention into practice, has undergone a process of rapid development. It has come to be an instrument through which the patentee seeks to impose his government upon his licensees. It was only gradually that the patent license revealed to the courts its character as an instrument of economic control. This development and this discovery are clearly apparent in the march of the cases.

In the earlier cases[11] the right of the patentee to extend his privilege to unpatented goods receives judicial recognition. The right is there clothed in liberty of contract. The leading case, from which a host of decisions sprang, came to be *Heaton-Peninsular Button-Fastener Co.* v. *Eureka Specialty Co.*, 77 Fed. 288 (C. C. A. 6, 1896). There the machine was patented; the materials employed in its operation subject to no legal protection; the purchaser bound by license to use exclusively the staples furnished by the vendor. The defendant, which was pressing the sales of its own material, was found guilty of contributory infringement.

The decision there stems from the rationale used to support it. An ingenious bit of dialectic clears the way for an argument based upon public policy. According to the court (pp. 290–291), the buyer purchases the machine, and thus "undoubtedly obtains the title to the materials embodying the invention." But, as to the right to the use of the invention—a thing distinct from ownership of the machine—the buyer is "obviously a mere licensee." In a word, "all alienations of a mere right to use the invention operate only as licenses," to which the patentee can attach whatever conditions he

[11] That is, the earlier cases in which this issue is formally raised. The spirit of the very early cases, from *Pennock* v. *Dialogue*, 2 Pet. 1 (1829), to *Adams* v. *Burke*, 17 Wall. 453 (1873), runs strongly in the opposite direction and towards holding the grant to its orbit.

pleases. If, therefore, the patentee can find a purchaser for a machine limited to certain specified uses, any violation of the conditions imposed would be an infringement of the patent.[12] The patentee was to be free to enlarge his exclusive right so far as he can do so in the exercise of his liberty to contract. An added touch made the monopoly in the unpatented staple a mere "incident" to the patentee's realization of the monopoly in his invention.[13]

To the court there the patent was in the nature of a property; rights of property were to be accorded full recognition; and the limits of the privilege in the grant itself were little considered. It was enough that the power of the patentee is "so clearly within the constitutional provisions in

[12] The cases of *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S. 425, and *Keeler* v. *Standard Folding Bed Co.*, 157 U. S. 659, both involving the use of a patent to control an unpatented article, had gone the other way.

[13] It is highly significant that liberty of contract, just then making its way into the Constitution, was found to justify the extension of the patentee's privilege. As the court said (77 Fed., at 294), "very high considerations of public policy are involved in the recognition of a wide liberty in the making of contracts." The court quoted with approval from the opinion in *Registering Co.* v. *Sampson*, L. R. 19 Eq. 462, 465: "if there is one thing * * * public policy requires it is that men of full age and competent understanding shall have the utmost liberty of contracting, and that their contracts when entered into freely and voluntarily shall be held sacred * * *. Therefore you have this paramount public policy to consider—that you are not lightly to interfere with this freedom of contract."

respect to private property that he is neither bound to use the discovery himself, not permit others to use it" (77 Fed., at 295).

All that such a holding lacked in authority was the imprimatur of the Supreme Court. In *Cotton-Tie Co.* v. *Simmons,* 106 U. S. 89, and in *Continental Bag Co.* v. *Eastern Paper Bag Co.,* 210 U. S. 405, the question was raised but no definitive rule was announced. It emerged in clear-cut form in *Henry* v. *Dick Co.,* 224 U. S. 1. The Dick Company, a manufacturer of rotary mimeographing machines, by a notice attached, stipulated that the purchaser took title subject to the restriction that it "may be used only with the stencil paper, ink and other supplies made by A. B. Dick Company." (P. 11.) Henry dealt in a special ink which he marketed through the regular channels of trade and which could be and was used with the machine. For the Court Mr. Justice Lurton takes for granted the patentee's liberty of contract, and argues (p. 24) that "if the right of use be confined by specific restriction, the use not permitted is necessarily reserved," and concludes (p. 26) that "if the use is not one permitted, it is plainly an infringing use." As for policy, "the public, by permitting the invention to go unused, loses nothing";[14] and, if put to

[14] The argument that, if the patentee suppresses his invention the public loses nothing, assumes that had the patentee not done his work there would be no invention. In an age in which to a host of scientists the current state of the art suggests next steps, and various branches of tech-

use, if the terms are "too onerous," the patented article "will not find a market." (P. 34.) The holding was proclaimed by less than a majority of the whole bench.[15] Moreover, the issues on which the court divided, and the far-reaching implications of the decision, were laid bare in an able dissenting opinion in which Mr. Chief Justice White insisted that in respect "to all the innumerable subjects to which the ruling may be made to apply," it becomes "the duty of the courts of the United States to test the rights and obligations of the parties, not by the general law of the land," but by the "provisions of the patent law." (P. 50.) The effect of the ruling, he declared (p. 53), is that "the patentee has the power, by contract, to extend his patent rights so as to bring within the claims of his patent things which are not embraced therein." To apply the patent laws to subjects which, without the exercise of the right of contract, they could not reach, is "to multiply monopolies at the will of an interested party." His opinion was a protest alike against the right of the patentee by contract to extend the scope of his claim and against the transfer of a legal domain from contract to patent law.

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nology are accustomed to borrow from each other, such an assumption is quite unwarranted." The patent laws and the antitrust laws contemplate competing technologies.

[15] Justices Lurton, McKenna, Holmes, and Van Devanter constituted the majority, and Chief Justice White and Justices Hughes and Lamar the minority. Justice Day did not sit, and there was a vacancy on the Court.

As respects the rationale of the holding in the *Dick* case, it is of interest that the privilege granted by the patent is monopolistic in character and that in general it is only under competitive conditions that the law permits a person to enlarge his own privilege by contract.[16] It is of even greater significance that the court failed to note that its ruling abridged the liberty of contract of all who made and sold the unpatented good. In a word, it was liberty of contract, operating outside its proper orbit, which supplied the legal justification for the extension of the protection of the patent to unpatented goods.

Although *Henry* v. *Dick Co.*, 224 U. S. 1, was overruled (*Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U. S. 502), only slowly has the limited character of the patent grant been recognized in the courts generally and in commerce. Gradually since that time, it has been made clear that devices such as notice, and concepts such as liberty of contract, could not extend the patent monopoly to unpatented things.

Recent decisions have gone far to restore the grant to its lawful orbit. In *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, the Court

[16] The case of *Leeds & Catlin* v. *Victor Talk. Mach.* (*No. 2*), 213 U. S. 225, does not properly belong to this series of cases, since technically the phonograph and the record are included in a combination patent. It is, however, made out of the same sort of stuff and belongs to the same judicial vintage as those just recited.

took pains to make explicit values which had shaped recent judicial utterances. The American Patents Corporation had a patent for a distinctive transportation box; the Dry Ice Company, its exclusive licensee, manufactured and sold carbon dioxide for use in the patented box. The Carbice Corporation, a competing concern, sold dry ice for use in the same transportation box and was sued for contributory infringement. In its judgment dismissing the suit, the Court, speaking through Mr. Justice Brandeis, attempted to give sharper outline to recent holdings[17] and to restore ancient landmarks of patent law. First, an attempt of the patentee to secure a reward from the supplies employed in the operation of his machine, rather than from the invention itself, has no legal support. And, second, such a limitation upon the contractual freedom of the patentee is not mitigated by "the peculiar function" of the protected device nor by the unique character of the materials used with it.[18]

[17] *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U. S. 502.

[18] Note that Mr. Justice Brandeis, for the Court, does not make legality depend upon whether the unpatented good has no other use.

A contrast throws the matter into sharp relief. Compare the statement in *Henry* v. *Dick Co.*, 224 U. S. 1, 31–32. "The argument does not mean that the effect of such a condition is to cause things to become patented which were not so without the requirement * * * save in one particular—namely, they may not be sold to a user of one of the patentee's ma-

The Court ruled to a like effect in *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458. The Barber Company, owning a patent to a road-building process, permitted its use without charge so long as the users purchased from it an unpatented emulsion which the process called for. The Leitch Company also produced and distributed an emulsion which served the same purpose. There was no sale of the process subject to patent; no legal relation whatever existed between the patent user and the patent owner. The patentee received no direct revenue from his invention. The Court went beyond the *Carbice* holding and declared that "every use of a patent as a means of obtaining a limited monopoly of unpatented material is prohibited"—whatever be the nature of the device employed to effect the unauthorized extension. (P. 463.) The Court made it clear that no form of legal words can make legal that which was an obvious attempt to control the market in unpatented wares and (p. 461) that the patent did not confer "the right to be free from competition in supplying unpatented material to be used in practicing the invention."[19] In *Mor-*

chines with intent that they shall be used in violation of the license," with the statement in the *Carbice* case (283 U. S., at p. 30) that the owner "may not exact as the condition of a license that unpatented materials used in connection with the invention shall be purchased only from the licensor."

[19] The underlying public policy applicable both to the grant and use of the patent privilege was summarized in *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488, 492, "But the

ton Salt Co. v. *Suppiger Co.*, 314 U. S. 488, and *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495, the Court recognized that since the patent right is limited by the letter, the person who goes beyond his grant in attempting to secure a limited monopoly of an unpatented article is barred from enforcing his patent.

The holdings in the *Carbice*, *Leitch*, *Morton Salt*, and *B. B. Chemical Co.*, cases reveal a principle which can be consistently applied to all questions involving the relation of the patent to the general law. As a privilege granted by the state, the exclusive right of the patentee can not be enlarged by the will of its owner, by notice of a condition which he attaches to the vendible ware, nor by an express or implied agreement with his agent, his licensee, or a stranger. A private party, singly or in concert with others, can not augment or change the character of that which the Government alone can confer.

This is in strict accord with the rule for the alienation of chattels. In general, the law does not look with favor upon controls which march along with the ware. They must be long-established, rest upon statute, or have the support of

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public policy which includes inventions within the granted monopoly excludes from it all that is not embraced in the invention. It equally forbids the use of the patent to secure an exclusive right or limited monopoly not granted by the Patent Office and which it is contrary to public policy to grant."

imperative reasons if they are to be tolerated. Such remote control, which flies in the face of the general law, can not be created by individual act, private agreement, or even by the judicial sanction of a trespass upon the public domain. As respects the power of the patentee to extend his right beyond his grant, this much is clear. The law does not permit him to extend the protection of the patent to the unpatented thing.

C. THE RESPONDENTS ARE SEEKING CONTROL OVER UNPATENTED PRODUCTS

It is basic to the issue that in the instant case respondents' combination patents are for assemblies which neither the patentee nor the licensee make and vend; the patents are for things which do not go to market. The real concern of the respondents—as the record indicates—seems to have been about something entirely different. Mid-Continent was anxious to collect royalties upon, Minneapolis-Honeywell to increase the orders for its unpatented wares. The urge of each was towards markets, stable prices and profits.

Each needed protection, not for a complete furnace which neither of them produced, but for the various devices which they marketed and from which they drew their revenues. There was for Mid-Continent and Minneapolis-Honeywell no conflict with Mercoid over a combination patent which no one of the three put into practice. The contest was over devices—especially thermostatic

controls—which Mercoid manufactured and which came into competition with similar devices in which the respondents had an inteerst. Mercoid points out that royalties are collected on the controls, not on the furnace. Mid-Continent and Minneapolis-Honeywell deny this charge. Their point is that the royalties are "measured by" the number of controls sold; and that the royalty is paid on no control unless a furnace has been installed. Not further to labor the argument, it is not the patented assembly but the thermostatic controls which they are exploiting that the respondents wish to protect against competition. The patent is invoked to guard against trespass upon the market for an unpatented thing.

The character of the suits presents a strange contrast. The fiction of the combination patent stands out sharply against the fact of the mercantile need to protect the unpatented controls in a competitive market. Not the least interesting feature of this action is that it seeks to transfer protection from the whole to the part; that it removes the sanction of the grant from the thing patented to confer it upon an element which enjoys no such official blessing.

D THE TEST FOR INFRINGEMENT APPLIED BY THE CIRCUIT COURT OF APPEALS IS UNSOUND

But, assuming the combination patent to represent genuine invention, is it infringed? To reach such a result the court below had to extend to the element the protection accorded to the com-

bination. In the way of such an extension lay the stubborn fact that the controls were not the subject of the patents. The transfer of protection from the whole to the part was further complicated. The Mercoid device in No. 54 had once been the subject of a patent on its own. Its various forms, known to the record as M–61, M–11, TJV, and JMV, are variations of the same basic design. M–11 and TJV represent an improvement upon M–61 done into two pieces; JMV is the two pieces made into one. The device, at least in basic form, was manufactured before the Cross patent was taken out. The element, as an instrument which functions, has a wide range of use outside the combination patent. The "infringement" in No. 58 arises because of mechanical interconnection of two tubes previously utilized as devices in heating control.

Against these facts the court below holds that there is no use for the accused devices other than in the Cross or Freeman patents. To this end, it does not deny the facts just recited; instead it fails adequately to define the devices about which it is speaking. The devices manufactured by Mercoid are sold to a large number of concerns; they are employed in a wide variety of furnaces. Among each of their uses one is, with complementary devices and parts, to assemble a furnace in the likeness of the Cross or the Freeman pattern, respectively. And the units sold for such employment are shaped

in such a way as to fit the other instruments with which they must work. Thus the statement that there is no other use for the accused device other than in the Cross patent—or the Freeman patent—has a double meaning; and, according as it is read, it is true or false. The devices, as functional instruments, long have had and still have uses outside the combinations. The accused devices were thermostats, the working parts of which remained unchanged. In one instance the metal holder to which the thermostat was attached was curved, and later a steel cover placed over the instrument; in the other, a mercury tube was inverted, and a part of the instrument was turned upside down to make easy the necessary adjustment. It was assumed that as so adapted to fit in with other instruments in the patented combination, they have—unless the user is willing to make adjustments—no other use than in the combination designed. Thus no-use-other-than turns upon whether the reference is to the device which functions or whether it is to the units shaped for a particular employment. If then there is infringement, it is not in the making or vending of the particular element; it is in shaping it for the combinations.[20] It is then, not on the high level of copying the invention, but on the low level of sheer mechan-

[20] In passing it is of interest that if the wares of the industry were standardized, the question would not arise.

ical adjustment that infringement occurs.[21] Such minor adjustments not partaking of the character of the invention are clearly within the public domain.

The point deserves emphasis, for it is the key to the decisions below. Unless the court had ruled that the accused devices had no other use, it could not by its own standard have arrived at the judgment that the patent had been infringed.[22] It did not make this distinction between the devices as a functioning mechanism and the units shaped for use in the combinations. Nor does its language indicate that the court intended to extend the protection of the basic patent to a

[21] Compare the statement in *Marconi Wireless T. Co. of America v. United States*, No. 369, 1942 Term, decided June 21, 1943, pamph., p. 22: "The variable inductance imparted no new function to the circuit; and merely making a known element of a known combination adjustable by a means of adjustment known to the art, when no new or unexpected result is obtained is not invention."

[22] If the matter is to be put technically, it is the intent to make and vend the element for use in the patented machine which brings the act clearly under contributory infringement; and it is the fact of no other use which gives a clear indication of intent. But an intent which is to be judged by an objective standard makes way in effect for the objective standard by which it is judged. In merchandising, the only realistic distinction would seem to be between the standard good and the good shaped to a particular use. But between the standard and the custom lies the art of adjustment which breaks down any clear-cut distinction.

mere shaping of an unpatented element to a particular employment. It would seem that whatever privilege the combination patent possessed would have been spent before it was carried to a mere mechanical operation on a mechanism—the length and shape of the holder or the inversion of a mercury tube.

As thus viewed such a norm is a treacherous standard of judgment. In invention the whole must be far more than the sum of the parts; it is clearly not to be confused with a single element of the ensemble. For an extension of the protection of a combination patent to some one or another of its ingredients there is no warrant in the statutes. So far as it has been given currency, it has been enunciated by the courts; it has been blessed with no sanction from the legislature. As set down here—extending the protection of the patent to a mere adjustment devoid of functional significance—it stands almost alone.

It is as impossible as it is dangerous for the courts to employ no-other-use as a norm of judgment. To say that there is no-other-use may involve a far-flung technical inquiry for which the courts have neither facilities nor time. The question of exactly what it is that has no other use invites excursions into the identity of the article or element in question. And, with mechanical skill widespread in the land, an element or part which was not made to fit can be adjusted to an

employment for which it was never intended. The distinction above, between an operative device which functions and the mere convenience of a particular form, is only one among many that may be touched off. Nor are limits easily to be appointed to how far it may be carried.[23] If to an element which has no other use why not to an element of an element which has no other use?

But it is hardly necessary either to continue this list of questions or to amplify this argument with a host of illustrations. The norm gives to courts no certain, or even humanly sure, criterion for decision; it extends the protection of the patent to all sorts of things which are nothing more than physical materials and devices by which the invention is realized. It gives to the executives of the business world the most uncertain standards by which they can govern their conduct and insure their activities against the chance of infringing patents. As a device for carrying the protection of the patent to the unpatented element, the doctrine of no-other-use deserves no place in our system of law.

E. THE DOCTRINE OF *LEEDS & CATLIN* SHOULD BE OVERRULED.

The respondents rely—and the court below relied—almost exclusively upon *Leeds & Catlin* v. *Victor Talk. Machine Co.*, 213 U. S. 325. What-

[23] Apparently, as a practical matter, dry ice had no other use.

ever authority that case once possessed has been whittled away by a number of decisions emphasizing the rule that the patent monopoly is strictly limited to the statutory grant.[24] Neither by implied license nor express arrangement may the patent holder employ his grant to gain a competitive advantage in the sale of the unpatented.

The specific holding, tying the unpatented record to the patented combination of phonograph and record, is out of line with principles now clearly established.[25] The decisions holding that a patent cannot be used to control unpatented articles through a tying clause would be nullified if the same result could be accomplished through the use of the device of a combination patent. The general language of the opinion, which is all that is left, is to be applied with greatest caution—or not at all—to situations other than that which

[24] *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U. S. 502; *Bassick Co.* v. *Hollingshead Co.*, 298 U. S. 415; *Lincoln Co.* v. *Stewart-Warner Corp.*, 303 U. S. 545; *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436; *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488; *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495; *United States* v. *Masonite Corp.*, 316 U. S. 265; *Sola Electric Co.* v. *Jefferson Co.*, 317 U. S. 173; see *Radio Corp. of America* v. *Lord*, 28 F. 2d 257 (C. C. A. 3), certiorari denied, 278 U. S. 648; and *Barber-Colman Co.* v. *National Tool Co.*, 136 F. 2d 339 (C. C. A. 6).

[25] See cases listed under footnote 24, *supra*. See also *Bassick Co.* v. *Hollingshead Co.*, 298 U. S. 415; *Lincoln Co.* v. *Stewart-Warner Corp.*, 303 U. S. 545; cf. *United Shoe Mach. Co.* v. *United States*, 258 U. S. 451; *International Business Machines Corp.* v. *United States*, 298 U. S. 131.

called it into being. The caution uttered by Judge Learned Hand in respect to the question of invention applies with equal force to the consideration of the legal limits of the patent grant: "Nothing has tended more to confuse and obscure the issue than the attempts of courts to lay down generalities. The issue does not admit of such treatment, for invention is always a function of the particular situation, of the conditions which preceded and followed the appearance of the composition or the machine. That this is a treacherous standard is true enough, but at least it is less treacherous than easy absolutes which fit the immediate occasion, but lie athwart any realistic treatment in the next case." [26]

The holding in the *Leeds & Catlin* case has long since spent its vitality. To allow it to be cited as authority by the lower courts is to invite confusion in the consideration of patent issues. The holding should be formally overruled.

II

Whether the Remedy of a Suit for Contributory Infringement Is Consistent With the Principle That the Privileges of the Patentee Are Limited to His Grant

The cases just discussed,[27] in which the patent owner has been forbidden to extend his privilege

[26] *E. I. du Pont de Nemours & Co. v. Glidden Co.*, 67 F. 2d 392, 395 (C. C. A. 2, 1933).

[27] See p. 42, above.

to unpatented goods, have very largely been suits for contributory infringement. Such a cause of action has been employed as a device for policing the licensing arrangements by which the patentee ties to his invention unpatented materials essential to its operation. A remedy can hardly survive the right it was intended to secure; and, over the area in which it is attempted to throw the protection of the patent about the unpatented thing, a suit for contributory infringement would seem to be no longer available.

The situation revealed by the instant cases raises sharply the question of the remedies which the patentee may invoke to protect the privilege which the government confers upon him. The opportunity of the respondents to sue for direct infringement is open but presents inconvenience. There is nowhere a company which translates the combination patent into an article of merchandise. An action for direct infringement can be brought only against the householder who has a Cross or Freeman combination installed in his home or against the plumbing firm which installs it. There is no suggestion in either case that the petitioner has infringed the patent by making, selling, or using the combination for which the grant was issued. Instead the court below decided that it was the manufacture and sale of an unpatented element, alike shaped and intended for use within the respondents' combination furnace, which had infringed his

patent. Here the significant fact is that the suit for contributory infringement strikes where competition lies and where it will protect the article—in this case an unpatented one—which is in danger. The suit for contributory infringement of the combination patent performs the function of a suit for direct infringement in respect to "the accused device." The question is whether the patentee is entitled to such a cause of action in such a situation.[28] A brief, genetic account of contributory infringement—of its origin, rationale, relation to patent law, employment by the courts—will help to throw that question into sharp relief.

A. ORIGIN OF THE DOCTRINE OF CONTRIBUTORY INFRINGEMENT

A sanction for the doctrine of contributory infringement is not to be found in the Constitution. Nor is there any provision for such a cause of action in the patent statutes. The acts of Congress know only a single thing called infringement; they make no distinction between a direct and a contributory invasion of the patent privilege.[29] Nor does such a suit stand in the great tradition of the

[28] There is usually an alternative way to police such a tying clause. The patentee could sue his licensee for breach of contract because of his use of the unpatented good. Such a suit, though more direct, would lift the issue out of patent law and subject it to judgment by the law of contract. Or, if convenience demanded an action against a third party, he could sue the manufacturer of the accused device for inducing breach of contract.

[29] 35 U. S. C. 70.

general law; it is unknown to the common law and even unto this day English law has no place for such an action.[30]

For almost a century after the founding of the republic the notion of contributory infringement was unknown to our courts. The concept of infringement was familiar enough. The statutes provided for an action at law for damages and for an action at equity for an injunction as remedies against trespass on the grant. But the meaning and limits of infringement were left by the Congress to the judiciary to work out. Although in the earlier decades no case came along in which such an issue as is here faced was raised, the trend of decision was to limit protection to what was denominated in the grant.

Until 1836, when the Patent Office and the prevailing system were established, a recitation of

[30] The English courts, during the period covered in the next paragraph, did recognize "partial infringement," provided the part in question appeared to be a "material" and substantial part of the invention. See *Smith* v. *London and N. W. Railway*, 20 E. L. & Eq. 94; Kent's *Commentaries*, Vol. II, 366, n. It has been suggested that the difference between the American and English rules was due to the American requirement of claims. Thomas, *The Law of Contributory Infringement*, 21 Jour. of Pat. Off. Soc. 811, 815–16 (1939). The American courts still do not recognize the partial infringement doctrine. *Harvey Hubbell, Inc.* v. *General Electric Co.*, 267 Fed. 564 (C. C. A. 2, 1920). The English law today demands claims but it does not recognize partial infringement. A claim to a combination protects only the whole combination, not an aspect or an element of it. See Halsbury, *Laws of England*, 2d Ed., Vol. 24, p. 661.

claims was not required. To the courts was left the problem of the nature and scope of the invention. By the new act, the patentee was called upon to define, through specific claims, the limits of his invention. The courts accepted these claims as a precise statement of the outer bounds of the patentee's "exclusive Right"; to all that lay beyond they refused to accord protection. At that time most patents were for mechanical contrivances, and the courts felt that a person must be found using all the elements as a combination, or he was not liable at all.

Thus, to take an example, in *McCormick* v. *Manny*, 15 Fed. Cas. No. 8,724 (C. C., N. D. Ill., 1856) the court declared, "A patent, which claims mechanical power or things in combination, is not infringed by using a part of the combination." It added, "to this rule there is no exception." And to the same effect, in *Prouty* v. *Draper, Ruggles & Co.*, 16 Pet. 336, 341, the Court declared, "The end in view is proposed to be accomplished by the union of all, arranged and combined together in the manner described." Since "this combination" was "the thing patented," it held that the use of parts which fell short of the whole mechanism did not constitute infringement. In these cases, and in *Vance* v. *Campbell*, 1 Black 427 (1861), the Court refused to recognize partial infringement.

In this period no case in which a third party furnished a part or parts to a defendant for use

in assembling a combination seems to have reached the courts. Such a possibility was recognized, apparently for the first time, in *Knight* v. *Gavit*, 14 Fed. Cas. No. 7,884 (C. C., E. D. Pa., 1846). The case involved an outright infringement, to which a third person was found to be not a contributory infringer but a party to direct infringement.

The first case in which the rule of contributory infringement was expounded and applied was *Wallace* v. *Holmes*, 29 Fed. Cas. No. 17,100 (C. C., D. Conn. 1871). The patent involved was for a lamp combination made up of a burner and chimney. The defendants made and sold the burner but not the chimney, which was generally available in hardware stores. Their contention was that, since the patent covered the combination and their manufacture and sale was confined to a part, they were not liable. The court, however, held the defendants to be joint infringers because they had made and sold the burners "for the express purpose" of "making profit by assisting, in a gross infringement of the complainants' patent." The court dwelt upon the heroic task of "searching out the individual purchasers" who "actually place the chimney on the burner and use it"; considered the trouble and expense incident to a myriad of petty actions; pronounced the direct suit to be an impractical remedy and held the position of the patentee "helpless" in the absence of a simpler remedy. The direct and the

indirect infringer were linked as joint tort feasors; and, by the force of an argument for convenience, the action for contributory infringement was brought into the law.

A number of decisions helped to sharpen, extend, and establish the doctrine. In *Barnes* v. *Straus*, 2 Fed. Cas. No. 1,022 (C. C., S. D. N. Y. 1872), the accused part was given a unique place. In itself the part lacked significance; it was only after it came to rest in the combination that it took on function. In *Renwick* v. *Pond*, 20 Fed. Cas. No. 11,702 (C. C., S. D. N. Y. 1872), the reach of the doctrine was enlarged by a holding that the sale of an unpatented gun infringed a patent on a cartridge-ejecting device which had been included in that gun. In *Keystone Bridge Co.* v. *Phoenix Iron Co.*, 14 Fed. Cas. No. 7,751 (C. C., E. D. Pa. 1872), the cause encountered a court inclined to view the patent grant with strict and critical eyes. And since the lower court was sustained by the Supreme Court, 95 U. S. 274 (1877), the rising doctrine experienced a temporary set-back.

In various causes and courts the doctrine experienced favorable and adverse fortune.[31] Some

[31] *Saxe* v. *Hammond*, 21 Fed. Cas. No. 12,411 (C. C., D. Mass. 1875); *Richardson* v. *Noyes*, 20 Fed. Cas. No. 11,792 (C. C., D. Mass. 1876); *Rumford Chemical Works* v. *Hecker*, 20 Fed. Cas. No. 12,133 (C. C., D. N. J. 1876); *Bowker* v. *Dows*, 3 Fed. Cas. No. 1,734 (C. C., D. Mass. 1878); *Strobridge* v. *Lindsay*, 6 Fed. 510 (C. C., W. D. Pa. 1881); *Boyd* v. *Cherry*, 50 Fed. 279 (C. C., D. Iowa 1883); *Schneider* v. *Pountney*, 21 Fed. 399 (C. C., D. N. J. 1884); *Alabastine Co.* v. *Payne*,

courts were content merely to follow—and often in following to enlarge—earlier holdings. Some were quite conscious that, whatever the rationale employed, they were enlarging the rights of the patentee.[32] Some were unable to follow the reasoning by which a third party was held liable and refused to sustain the cause of action. It would, through the cases cited and numerous others of their kind, be tedious to show the range, vogue and skepticism which the doctrine enjoyed, the varied attempts to make it an adequate norm of refer-

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27 Fed. 559 (C. C., N. D. N. Y. 1886); *Travers* v. *Beyer*, 26 Fed. 450 (C. C., N. D. N. Y. 1886); *Celluloid Mfg. Co.* v. *American Zylonite Co.*, 30 Fed. 437 (C. C., S. D. N. Y. 1887); *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, 80 Fed. 712 (C. C. A. 6, 1897); *New York Filter Mfg. Co.* v. *Jackson*, 91 Fed. 422 (E. D. Mo. 1898); *Loew Filter Co.* v. *German-American Filter Co.*, 107 Fed. 949 (C. C. A. 6, 1901); *Westinghouse Electric & Mfg. Co.* v. *Dayton Fan & Motor Co.*, 106 Fed. 724 (C. C., S. D. Ohio, 1901); *John R. Williams Co.* v. *Miller et al.*, 107 Fed. 290 (C. C., S. D. N. Y. 1901); *American Graphophone Co.* v. *Hawthorne*, 92 Fed. 516 (C. C., E. D. Pa. 1899); *Trent* v. *Risdon Iron & Locomotive Works*, 102 Fed. 635 (C. C. A. 9, 1900); *Bullock Electric & Mfg. Co.* v. *Westinghouse Electric & Mfg. Co.*, 129 Fed. 105 (C. C. A. 6, 1904); *Stearns* v. *Phillips*, 43 Fed. 792 (C. C., E. D. Mich. 1899); *Kreplik* v. *Couch Patents Co.*, 190 Fed. 565 (C. C. A. 1, 1911).

[32] In *Henry* v. *Dick Co.*, 224 U. S. 1, 33, Mr. Justice Lurton quotes Judge Putnam in *Davis Elec. Works* v. *Edison Elec. Light Co.*, 60 Fed. 276, 280 (C. C. A. 1), to the following effect: "Neither in such instances, nor in the case at bar, is the course of the law to be turned aside because the practical result may be to give a patentee for the time being more than the patent office contemplated, nor is the patentee to be deprived of his just rights because under some circumstances he gets incidental advantages beyond what he expressly bargained for."

ence, the many devices used to hold so vagrant a cause of action within a narrow and useful area. The volumes of the *Federal Reporter*, almost without exception, testify to the struggle out of which it emerged. It is a testimonial to the character of its development that it had made a place for itself in judicial decision before its now familiar name was given to it. The first case in which the term contributory infringement seems to have been used was *Snyder* v. *Bunnell*, 29 Fed. 47 (C. C., S. D. N. Y. 1886). In the decades which preceded and followed the turn of the century, the norm of liberty of contract was in the ascendancy and a large part of the judiciary were willing to resort to novel and indirect remedies to protect a privilege which they had come to think of as a property. Thus contributory infringement came to whatever repute it enjoyed in the lower federal courts.

From the first the doctrine has enjoyed far less repute with this Court. If the *Cotton-Tie* [33] case seems to indulge contributory infringement, there is no recognition of it in the *Morgan Envelope* case.[34] In *Cortelyou* v. *Johnson*, 207 U. S. 196, the holding is based on lack of sufficient notice; yet the Court noted in passing the impropriety of applying contributory infringement to staple articles. In *Leeds & Catlin* v. *Victor Talk. Mach.*

[33] *Cotton-Tie Co.* v. *Simmons*, 106 U. S. 89.

[34] *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S. 425.

(*No. 2*), 213 U. S. 325, 335, the court finds function—and therefore invention—in the "joint action of the disk and the stylus." The record "actively" cooperates with the phonograph; hence, to supply records for use with the phonograph is to infringe the combination patent. In *Rumford* v. *Hygienic Co.*, 215 U. S. 156, the court reached its decision without having to discuss contributory infringement.

And if in *Henry* v. *Dick Co.*, 224 U. S. 1, the Court's indulgence of the doctrine reached a high water mark, in the case in which it was overruled, *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U. S. 502, the Court found it unnecessary to discuss this cause of action. Since then the cases have generally been disposed of in terms of improper use and there has been little discussion of contributory infringement as such. In recent years, whatever the form of judgment, the decisions of the Court have been clean-cut. Where its owner has attempted to throw the protection of the patent about an unpatented article, the causes without exception have failed. As the alleged right of the patentee has not been recognized, he has been denied the remedy of a suit for contributory infringement.[35]

[35] For further detail upon Supreme Court holdings, see pp. 57–59 below.

B. RATIONALE OF THE DOCTRINE

A doctrine draws its vitality from the legal stuff of which it is made and from the reasons which call it into being. Contributory infringement which, as we have shown, has no statutory basis, is far more an adaptation of tort law to a novel use than a remedy which stems from the nature of the patent grant.

The suit for infringement—whether aimed at damages or an injunction—has the character of righting a wrong. It is, accordingly, not surprising that courts, lacking legislative guidance, should have grounded the action upon familiar concepts of tort. From the older domain ideas have been borrowed and, since they have been applied in an unfamiliar situation, they have come to constitute a new rule of law.

First—and most basic—is the idea of the joint tort feasor. A person commits a tort—here the invasion of a patent grant. Another person aids and abets the wrong—hereby making and vending for use with or within the patented invention an unpatented article or material. The person who aids and abets, a joint tort feasor, becomes a party to the infringement. If regarded as equally liable for the wrong, he can be sued with the direct infringer, or if convenience so dictates, in his stead. Yet, however neatly it may be stated, the analogue does not hold. The person at one step removed does not take any part in the

direct act by which the patent is infringed. All that he does is to supply an unpatented good which, through the act of another, is used in or with the patented invention. To call the supplier an infringer, in whatever qualified form, is to throw the protection of the patent about the unpatented good. And that means extending the limited privilege created by a statute into an area into which the legislature did not project it. In the loose terms of the analogue the question is begged.

"The second is the norm of intent. In branches of the law, like tort and crime, in which human conduct is appraised in terms of guilt or innocence, intent is a useful standard of judgment. In the more impersonal field of contract it has far less work to do. In respect to activities which move along the general channels of trade, it tends to lose significance. The courts, however, found the concept of joint tort feasor to be too broad; it had alike to be narrowed and to be pointed directly to the act of infringement. To this end the notion of intent came in handy. The unpatented good which was to be employed with the patented invention must be intended by manufacturer or seller for such use. It is immediately apparent that standard goods can be endowed with no such propensity to wrong; and that in its reach the doctrine cannot extend beyond unstandardized articles. But a standard good or device

may be shaped for a varied employment; and, as it is so shaped, the criterion for detecting the good headed towards a wrong loses its sharp edges. And, if an attempt is made—as it is here—to recover precision with the limitation that the good has no other use save in or with the patented invention, an intricate technological inquiry is touched off. Even where it is most at home, intent is not quite beyond peradventure. In this domain of patent law it is a wayward standard for an act of infringement.

The third is the idea of contribution. It represents an attempt to hold as an infringer a person who does not commit the act through which there is trespass upon the patent. The term "contributory infringement" came belatedly into the law to give a name to a cause of action against the joint tort feasor. As a mere name for a kind of suit already established, its use is subject to all the objections to the remedy which have been set forth above.

C. THE DOCTRINE OF CONTRIBUTORY INFRINGEMENT IS UNWORKABLE

But far more important than the stuff of which it is made is the inadequacy of the doctrine to the judicial work it is given to do. A review of the cases indicates that—whatever the form of the judgment, license, improper use, combination patent, or what not—the suit for contributory infringement, at least within the area considered

here, is not an instrument with which courts can work justice. Again and again the lower federal courts have pointed to dangers inherent within it and have insisted that, if it must be invoked, adequate safeguards be thrown about its limited employment. It has often been pointed out, first, that to expose the contributory infringer to suit is to impose upon him the necessity of taking unusual—even unreasonable—precautions against trespass upon a forbidden technical domain; second, that to reach to the unpatented article to give legal protection to the patent is not only to enlarge the exclusive right of the patentee but also to abridge the rights of others concerned; third, that the action is a treacherous standard for the courts to use, having no certain reference and possessing the most vagrant boundaries; fourth, that resort to such a remedy invites the use of the patent monopoly to create partial monopolies in unpatented goods; and, fifth, that the remote control thus recognized makes for a rigidity which may be carried far in the national economy. Judges of repute—of different periods, economic faiths, and legal philosophies—have in effect pronounced it to be a clumsy, dangerous, and unruly device in the making of judgments.

In *Cortelyou* v. *Johnson*, 145 Fed. 933, 935 (C. C. A. 2, 1906), affirmed 207 U. S. 196, the Circuit Court of Appeals called for a halt upon the further extension of the doctrine. "Care should

be taken that the courts, in their efforts to protect the rights of patentees, do not invade the just rights of others" by "creating new monopolies" and by "placing unwarrantable restrictions upon trade." And, to be specific, "should the patentee of a fountain pen" extend his monopoly to the ink which it uses; or "the patentee of a motor car" by proper notice "be able to hold the monopoly on all gasoline used in its propulsion;" or "the patentee of a stove or a refrigerator" have an action of infringement against the one who furnishes coal or ice. It is "manifest that the doctrine may be expanded ad infinitum." It follows that "if the doctrine be driven to its ultimate conclusion the merchant and the consumer may find themselves enmeshed in a network of monopolies embracing all the necessaries of life."

In his far-sighted dissent in *Henry* v. *Dick Co.*, 224 U. S. 1, 49, Mr. Chief Justice White makes clear the treacherous character of the suit for contributory infringement. He protests vigorously against allowing a third person, producing an unpatented element or material, to be sued for the infraction of a patent. He takes a "patented engine" and notes the control—if the suit for contributory infringement is allowed—which the patentee has over "coal or electrical energy" used "to afford power"; a patented "carpenter's plane" and notes the control over lumber sawed by a particular mill; a "patented window frame" and notes the control over materials used with it. He dwells

at length upon how the recognition of such a cause of action can be capitalized "for the purpose of bringing numerous articles of common use within the monopoly of a patent when otherwise they would not have been embraced therein." And he protests against the availability of a remedy which is created by allowing the patentee to use liberty of contract to enlarge his grant.[36]

And as Mr. Chief Justice White warned in dissent, so some years later Mr. Justice Brandeis spoke for the Court in *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, 31. He finds the case, in respect to the relief sought, "indistinguishable from that denied in the *Motion Picture* case."[37] In both it was held to be "wholly without the scope of the patent monopoly" to permit the patent owner to derive his profit, not from the invention on which the law gives him a monopoly, but from the unpatented supplies with which it was used. If the patent could be so expanded, its owner for a period "might conceivably monopolize the commerce in a large part of unpatented materials used in its manufacture." The owner of a patent for a machine or for a process might secure a partial or a limited monopoly of "the unpatented sup-

[36] It is to be remembered that Mr. Chief Justice White was contending that all suits in respect to tying unpatented materials to the patent sound in contract and should go to the state courts.

[37] *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U. S. 502.

plies consumed in its operation" or "the unpatented material employed in it." He held, in behalf of the Court, that "in both classes of cases" relief was to be denied. (P. 32.) It is of note that the unpatented material consumed in the operation of the patented mechanism and the unpatented element employed in it are treated alike. And the distinction between the unpatented supplies used in the patented machine and the unpatented refrigerant as one of the "necessary elements" of the patented process he finds to be "without legal significance." In respect to both there is no right to a legal remedy—in this case a suit for contributory infringement.

D. CONVENIENCE OF THE PATENTEE DOES NOT JUSTIFY EXTENSION OF THE PATENT PRIVILEGE

There remains then only one premise on which to ground the suit for contributory infringement. It is often more convenient for the patentee to sue the "contributory" than to sue the direct infringer. In the instant case, for example, action for direct infringement would lie only against the house-builder who permitted the prohibited device to be used in his combination furnace or against the firm of plumbers who assembled the parts and installed the mechanisms for him. With such a legal instrument, it is argued that the privilege accorded by the patent would be difficult to police, that it would require expense, numerous suits, a far flung legal cam-

paign. Yet there might be only one, or at most a very few persons who had made and sold the "accused devices."

There is no call here to question the advantage to particular patentees of "convenience." The point is that the privilege which the patent confers is limited; that there is no legal warrant for extending its protection beyond the grant itself. It may be that the patentee's dominion can not be asserted within his grant. It may be that, without control over articles which lie beyond it, it is to him of little worth. No matter; for legal rights are not the creation of personal convenience and legal remedies do not emerge because without them men can not make good their own. No matter how wonderful the invention, the law does not guarantee to its author a pecuniary reward.

In *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, it was argued that there was no way to collect royalties from the road building process; that unless control could be asserted over the material, there was no practical way for the patentee to secure his reward from his invention. The Court failed to find in such a situation any justification for an extension of the monopoly beyond the grant. And in *B. B. Chemical Co.* v. *Ellis*, 314 U. S. 495, 498, the Court expressly held that "the patent monopoly is not enlarged by reason of the fact that it would be more convenient to the patentee to have it so, or because he cannot avail himself of its benefits

within the limits of the grant." In a word there is in patent law no doctrine of convenience. For the patent grant is not self-instrumenting; it does not insure to its owner access to whatever means are necessary to make it a commercial success. The patentee, or his assignee, can only make whatever he can out of his exclusive right in the orbit appointed for him by law. Beyond this technology and the market are and must remain open to all.

E. THE DOCTRINE OF CONTRIBUTORY INFRINGEMENT SHOULD BE ABOLISHED

If the analysis above is correct, the law which fixes the limits of the use of the patent is clearly indicated and yet not precisely marked. The dominant principle that the patentee is not to use this privilege beyond the bounds of the invention is now beyond peradventure. It has as yet, however, not found full expression in all the lines which make up patent law. It is most articulate in respect to the unpatented element within the practice of tying; a license requiring the use of the patentee's unpatented material with the patented process or mechanism is illegal. Although the way has been clearly pointed, the rule has not been given full enunciation in respect to the combination patent. In instance after instance a patentee has been denied a remedy in a suit for contributory infringement. And in the area in which the action is maintained to

control an unpatented element or material, it has been denied. In view of these prohibitions, we doubt that there is any area left for the legitimate operation of this cause of action. Certainly, in its residual form, it affords no sanction for the relief which the respondents seek in the kind of situation now before this court. But, whether or not the legitimate residuum—if any—be worth saving, the resort to contributory infringement to extend the patentee's right beyond the grant seems already to be under legal ban. In this, the major domain of its operation, it should be formally outlawed.

III

Any Extension of the Patent Privilege Beyond the Grant Unjustifiably Encroaches on the Antitrust Laws

A long tradition binds the courts to assert the public interest in their construction of the patent grant.[28] Under modern conditions the obligation is the more acute since it is the rare inventor who ever puts his patent into practice. Instead, it is assigned by the inventor to a corporation which—engaged in business and in accordance with its energy and initiative—seeks to secure from the

[28] *Pennock* v. *Dialogue*, 2 Pet. 1; *Wilson* v. *Rousseau et al.*, 4 How. 645; *Wilson* v. *Simpson et al.*, 9 How. 109; *Bloomer* v. *McQuewan et al.*, 14 How. 539; *Bloomer* v. *Millinger*, 1 Wall. 340; *Adams* v. *Burke*, 17 Wall. 453; Cf. *Mitchell* v. *Hawley*, 16 Wall. 544. See also *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, 34, footnote 4.

grant all that it can be made to give. This trend is all the greater and the more dangerous because the ownership of patents is coming increasingly to be concentrated in the hands of large corporations. There the incentive to invent no longer responds directly to the urge to pursue knowledge and to promote the useful arts, but indirectly in accordance with its capacity to yield profits. Inventions which promise pecuniary returns will be put into practice; inventions so radical in character that they threaten the corporate establishment are likely to be held back. Once fortified in command of an area of the economy, the giant corporation is not disposed to give to its scientists a free rein or to exalt the progress of the useful arts above the claims of financial solvency. In a word, science and the useful arts are advanced so far and in such ways as their progress serves the pursuit of gain.

Under such circumstances, any extension of the patent privilege becomes a legal sanction for a scheme of trade practices. The use of the grant by Mid-Continent and Minneapolis-Honeywell is but a single example of a scheme of improper usage erected about the patent. To seek to employ a patent of dubious validity to control an unpatented device is now a common practice; to employ it to maintain a price-structure for an entire industry is perhaps the most common among its extra-legal employments. Once the

patent is deflected from its proper orbit and is used for purposes other than the reward to the inventor, there is no end to its trespass into forbidden territory and to the general mischief which it may be set to do.[39] It has become the sanction for conventions through which corporations—at home and across political frontiers[40]—have restricted production, maintained prices, divided markets, and imposed upon strategic industries schemes of private government.[41] As a patent escapes the orbit of its grant, and begins to run at large, it provides the sanction for schemes of market control.[42] Once pushed beyond its legal orbit, it comes to be used as a warrant for:

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[39] See the case of *United States* v. *Hartford-Empire Co.*, 46 F. Supp. 541 (N. D. Ohio), now pending on appeal before this Court (Nos. 7–15).

[40] For evidence on the patent grant as an instrument for the operation of cartels with their regimented control over areas of the economy and the use of political frontiers to separate marketing provinces, see Hearings before the Committee on Patents (Bone Committee), United States Senate, 77th Congress, 2d Session, Parts 1–9. See also Hearings before the Temporary National Economic Committee, Part 25, *Cartels*, pp. 13037–13083.

[41] Hearings before the Temporary National Economic Committee, Part 2, *Patents*, pp. 253–834; Part 5, *Development of the Beryllium Industry*, pp. 2011–2304; Part 15, *The Petroleum Industry*, pp. 8328–8330; Final Report of the Executive Secretary, pp. 19–21; Monograph No. 31, *Patents and Free Enterprise*.

[42] The licenses between Minneapolis and five of its competitors under the Freeman patent fixed prices for the unpatented controls (58, R. 899, 909–910, 913–917). Section XI of such license agreements by providing for notice to licensees of additional licenses, any change in existing licenses, and

(*a*) The extension of the patent monopoly itself.

(*b*) The rationalization and even suppression of competition.

(*c*) The use of the license as an instrument of business warfare and economic control.

(*d*) The reduction of capacity and the restriction of output.

(*e*) The division of the market into proprietary demesnes.

(*f*) The creation of a private government for an industry.

(*g*) The use of the public courts to police an industry and to punish those who break its laws.[43]

CONCLUSION

The argument ends, where it began, with the character of the patent grant. The law, as it has been surveyed above, gives no warrant for the extension of the privilege beyond its lawful orbit. Such an extension is a trespass by the patent owner upon territory which is not his. Against

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equal terms for all licensees (58, R. 901) establishes a pattern for joint pricing arrangements for the unpatented controls among the licensees and the licensor. In this connection see *United States* v. *Masonite Corp.*, 316 U. S. 265; *Interstate Circuit* v. *United States*, 306 U. S. 208.

[43] Hearings before the Temporary National Economic Committee, Part 3, *Proposals for Changes in Law and Procedure*, pp. 835–1159; Part 31a, *Letters of Conway P. Coe and Thurman Arnold*, pp. 18471–18489; Final Report and Recommendations, S. Doc. No. 35, 77th Cong., 1st Sess., pursuant to Public Resolution No. 113, 75th Cong., pp. 36–37.

such encroachment the claims of the gener
law—a thing far more comprehensive than a
branch or statute—needs to be asserted.

The general law interposes set bounds to t
patent grant. It comprehends, but is far broad
than, the antitrust acts. It became explicit in
rule against the restraint of trade long befo
the Statute of Monopolies (1623) was passe
The Fifty-First Congress scrapped the b
against trusts which for months it had been co
sidering; and, employing sanctions of its ow
wrote down the older rule against the restraint
trade. The Sherman Act did little more th
make available to the federal courts what w
already established at common law. Thus t
antitrust laws are alike older than, and we
thrown into statute form later than, the pate
acts. They represent a rule from which t
patent itself is an exception, granted for and
be justified only by service to a public purpos
As an exception, the patent is to be strictly co
strued. It confers an immunity to the gener
law no further than the exception is expres
noted. And no exception, whatever the devi
employed to effect it, should allow the protecti
of the patent to be extended to a thing, wheth
greater or smaller, whether an element or a co
plementary good, which is not patented. It
however, hardly necessary here to distinguish b
tween the claims of the general law and of t

antitrust acts, for the specific code manifests a spirit that is common to the law.

In both it is the right of the individual which the law seeks to guard. Opportunity is to be wide and open; privilege, granted only for a particular purpose, is to be restricted. The people, the business community, the individual alike have stakes in the maintenance of the system of free enterprise. For them opportunity lies in the fully open market and in the safeguarding of the competitive system. If these are to be preserved, the commands of the general law and of the antitrust acts must be secured against impotence through trespass upon their domain. It is the intent of the law to keep the national economy free and dynamic. The patent is itself an exception to the rule of free enterprise; it is not to be used to create further exceptions. The United States has a particular interest in seeing to it that the devices in question here—the license, the combination patent, the suit for contributory infringement—are not employed as instruments in the erection of a monopoly where the government has accorded none."

" "We respectfully submit that the restrictions, ridiculous or reasonable, which may be imposed in virtue of the patent laws and the disregard of which may be dealt with as an infringement of the exclusive right conferred by those laws, are such as are related entirely to the use of the invention itself. When the patentee goes beyond this and yokes his invention with something else, he acts only in virtue of his

Here is no conflict of laws. On one side lies the exclusive right of the inventor; on the other the right of the public in access to the free and open market. Both have been decreed by the Congress; and, if defined according to legislative intent, there is a sharp line of demarkation between them. As kindred expressions of the law of the land, each is to be accorded its rightful province and due. It is the office of the courts

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right of contract as an owner of any other property may do, and not otherwise, subject to all the limitations upon that right imposed by any law of the land. He may by contract divest himself of his monopoly, in whole or in part, as by assignment of the patent or the sale of a patented machine, but he cannot by contract or by mere assertion bring something else not patented within the monopoly. The distinctive right conferred by the letters patent cannot be made by the act of the patentee to attach to anything in which some quality of his invention does not exist. It springs from the invention and is limited to the invention; and while it is exclusive, it is not absolute; and so a contract, although it is related to the invention, if its purpose and effect is to secure control or monopoly of something else than the invention, is not saved, even as a contract, by anything in the patent laws, but offends the public policy of the United States and is void as being in restraint of trade." George W. Wickersham, Attorney General, and F. W. Lehmann, Solicitor General, in *Application by the United States for Leave to intervene * * * and for a Rehearing of the Cause* in *Henry* v. *Dick Co.*, 224 U. S. 1. The motion was denied. The document as a whole is worthy of study for its clear-cut statement of the character of the patent grant and the recognition of its limits as fixed by the general law and the anti-trust acts. It is noteworthy alike for the legal eminence of its authors and for its almost prophetic pointing out of a path for the law.

to hold each to its lawful sphere. As things go, there is far more danger that the private will encroach upon the public interest than that the lawful privilege will be swallowed up in the public domain. It is against the greater danger which we ask this Court to guard in its determination of the pending causes.

Respectfully submitted.

CHARLES FAHY,
Solicitor General.
WENDELL BERGE,
Assistant Attorney General.
WALTON HAMILTON,
ELLIOTT H. MOYER,
ROBERT C. BARNARD,
Special Assistants to the Attorney General.
EDWIN PEWETT,
Special Attorney.

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